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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 31, 2015

CERTIFIED RETURN RECEIPT
7013 3020 0002 3659 5880

Barry Peterson
Gold Star Stone Inc.
1648 South 600 West
Oakley, Idaho 83346-9761

Subject: Review of Reclamation Surety, Gold Star Stone Inc., Sierra Starlight Quarry, S/003/0049, Box Elder County, Utah

Dear Mr. Peterson:

The last reclamation cost estimate for the Sierra Starlight Quarry was calculated in 2007 and escalated to 2010 dollars. It was based on five acres of disturbance. The surety amount needs to be adjusted to account for changes in reclamation costs and increased acreage. Based on average reclamation costs, the surety amount needs to be increased from \$18,600 to \$43,000 for a 3-year escalation (surety amount next evaluated in 2018), or to \$43,900 for a 5-year escalation (surety amount next evaluated in 2020). The average reclamation costs are outlined below:

<i>Small Mine Operation Bond Calculation Worksheet</i>			
<i>Sierra Starlight Quarry S/03/0049</i>			
<i>3-year escalation (2018)</i>			
<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,000.00	\$8,000.00
Add'l Acres Disturbance	7	\$5,000.00	\$35,000.00
General Mob/demob >50 miles	0	\$0.00	\$0.00
TOTAL	8 Ac		\$43,000.00
<i>5-year escalation (2020)</i>			
<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,200.00	\$8,200.00
Add'l Acres Disturbance	7	\$5,100.00	\$35,700.00
General Mob/demob >50 miles	0	\$0.00	\$0.00
TOTAL	8 Ac		\$43,900.00



The Division of Oil, Gas and Mining is aware that this is a substantial increase, but it is based primarily on two factors:

1. The disturbed area has increased from about five to about eight acres
2. The surety amount has not been re-calculated in eight years.

In addition, the Notice of Intention to Commence Small Mining Operations (Notice) was originally received in 1998, and it shows 2.8 acres of disturbance. The Notice needs to be updated with current information.

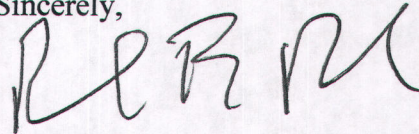
Please provide the amended Notice and additional surety by October 16, 2015.

As an alternative to increasing the surety amount, the reclamation liability can be decreased by reclaiming a portion of the site and amending the Notice to show the decreased acreage. If you decide to pursue this option, please contact the lead inspector, Lynn Kunzler, at 801-538-5310. The Division would need to continue to hold adequate surety for the reclaimed area while vegetation is becoming established.

Please contact the minerals bond coordinator, Penny Berry, at 801-538-5291 or by e mail at pennyberry@utah.gov for information about submitting the additional reclamation surety. Your current surety is in the form of certificate of deposit. You may increase the amount in the certificate of deposit, or you may submit a new CD, a letter of credit, cash, or a surety bond for either the increased or the full amount. Bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

Thank you for your help in keeping the surety current. Please contact the permit lead for this mine, Lynn Kunzler, at 801-538-5310 if you have questions concerning this requirement.

Sincerely,



Paul B. Baker
Mining Program Manager

PBB:mbt:pb

cc: Penny Berry, DOGM

Larry Garahanna, BLM lgarahan@blm.gov

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Sierra Starlight Quarry

Approx. acreage of Sierra Starlight Mne S/03/0049

Legend

● SIERRA STARLIGHT QUARRY

7.5 acres

Google earth

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700 ft

